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NANJING SINOLIFE UNITED COMPANY LIMITED*

南京中生聯合股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 3332)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF SUBSIDIARY

THE DISPOSAL

On 18 March 2021 (after trading hours), the Company and Zhongke entered into the Agreement, pursuant to which Zhongke has conditionally agreed to acquire the Transferred Interest at a consideration of RMB10 million to be settled in cash.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as set out in the Listing Rules in respect of the transactions contemplated under the Agreement are more than 5% but less than 25%, the entering into of the Agreement and the transactions as contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 18 March 2021 (after trading hours), the Company and Zhongke entered into the Agreement, pursuant to which Zhongke has conditionally agreed to acquire the Transferred Interest at a consideration of RMB10 million to be settled in cash.

The principal terms of the Agreement are as follows:

- Date** : 18 March 2021 (after trading hours)
- Parties** : (1) the Company, as the vendor; and
(2) Zhongke, as the purchaser.
- Assets to be disposed of** : the Transferred Interest

* For identification purpose only

- Consideration** : RMB10 million, payable to the Company in the following manners:
- (i) RMB5 million payable on the effective date of the Agreement (“**First Payment**”); and
 - (ii) RMB5 million payable before 1 September 2021. Such consideration was arrived at after arm’s length negotiation between the Company and Zhongke and are on normal commercial terms, with reference to, among others, the net asset value of Hejian as of 28 February 2021.
- Conditions precedent** : The Disposal is subject to fulfillment of the conditions precedent on or before Completion:
- (i) the Agreement shall become effective;
 - (ii) all necessary consents, authorisations and approvals required to be obtained on the part of each of the Company and Zhongke and any third party in respect of the Agreement and the transactions contemplated thereby having been obtained, and the Transferred Interest is subject to no third-party right that constitutes material obstacle to the Disposal;
 - (iii) as of the date of Completion, no material adverse change in the financial position or business operations of Hejian;
 - (iv) both parties’ warranties and undertaking under the Agreement remaining true, accurate and complete;
 - (v) neither parties to the Agreement is in breach of the Agreement; and
 - (vi) no judicial authority, approval authority or statutory supervisory authority has issued or made any judgment, ruling or order relating to any party to the Agreement that would prohibit or make the Disposal illegal; and no new or amended law has been issued that would prohibit or make the Disposal illegal.
- Completion** : Subject to the fulfillment of all of the conditions precedents, the Company shall submit all relevant documents required for the registration of the transfer of the Transferred Interest with the relevant authorities within 10 business days after the Company received the First Payment. Completion shall occur on the date when the transfer of the Transferred Interest has been registered with the relevant authorities.
- Termination** : The Agreement shall immediately be terminated when both parties agree in writing.

Undertaking from the Company

Pursuant to the Agreement, the Company undertakes to Zhongke that, among others:

- (i) from the date of Completion and up to 31 December 2021, in the event of a large-scale return of products by the customers of Hejian (i.e. a return of more than a certain sum of sales (“**Amount N1**”)), the Company shall fully compensate Hejian for the portion of the returned products exceeding Amount N1, except such return of goods is due to (i) quality issue of Hejian’s products arising after Completion; or (ii) Hejian’s misleading and fraudulent promotion and other acts that happen after Completion and are not caused by the Company; and
- (ii) for a period of three years from the date of Completion, the Company shall fully compensate Zhongke or Hejian for losses which exceed a certain sum (“**Amount N2**”) and are caused by the business activities of Hejian or the acts of the Company before Zhongke obtains control of Hejian, including:
 - (A) any claims relating to product quality, such amount of compensation shall be subject to the judgment issued by the People’s Court of the PRC; and
 - (B) any expenses of tax reimbursement, late payment and fine relating to tax audit. Such amount shall be subject to the written administrative penalty decisions issued by the competent tax authorities.

When the events described in (i) and (ii) above occur and the sum of Amount N1 and Amount N2 exceeds RMB1 million, the indemnification obligation of the Company will be triggered.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Company believes that the Disposal can facilitate further implementation of the Group’s development strategies in gathering resources for the Good Health brand series products, focusing on the development of domestic distributor channels and e-commerce channels, and reducing investments of the Company in other brands and sales channels.

INFORMATION OF THE GROUP

The Company is an investment holding company and the Group principally engages in the sale of nutritional supplements and health food products. Hejian is a company established in the PRC and principally engaged in retailing of health food products, mainly the Hejian brand products, via online call centre.

INFORMATION OF ZHONGKE

Zhongke is a company established in the PRC with limited liability, which is principally engaged in production and sale of nutritional supplements and health food products. As at the date of this announcement, Zhongke was owned as to (i) approximately 27.1% by Mr. Wang Lianan, a PRC individual who has extensive experience in health good products industry; (ii) approximately 19.1% by Chinese Academy of Sciences Nanjing Institute of Geography and Lakes* (中國科學院南京地理與湖泊研究所), a public institution of the

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PRC; and (iii) approximately 53.8% by a group of PRC individuals. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhongke and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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DEFINITIONS

“Agreement”	the equity purchase agreement dated 18 March 2021 and entered into between the Company and Zhongke, as further described in the section headed “The Agreement” of this announcement;
“Board”	the board of Directors;
“business day”	any day other than Saturday, Sunday and public holiday under the laws and regulations of the PRC;
“Company”	Nanjing Sinolife United Company Limited* (南京中生聯合股份有限公司), a joint stock limited liability company incorporated in the PRC, the H Shares of which are listed on the Stock Exchange;
“Completion”	completion of the Disposal;
“Directors”	directors of the Company;
“Disposal”	the disposal of 100% equity interest in Hejian pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“Hejian”	Shanghai Hejian Nutritional Food Products Company Limited* (上海禾健營養食品有限公司), a company established in the PRC with limited liability and was wholly-owned by the Company as at the date of this announcement and immediately before Completion;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

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“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons in accordance with the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratios”	has the meaning ascribed to such term under the Listing Rules;
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and the Macao Special Administrative Region of the PRC for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transferred Interest”	100% equity interest in Hejian;
“Zhongke”	Zhongke Health Industry Group Co., Limited* (中科健康產業集團股份有限公司), a company established in the PRC with limited liability and is an Independent Third Party;
“%”	per cent.

By Order of the Board
Nanjing Sinolife United Company Limited*
Gui Pinghu
Chairman

Nanjing, the People’s Republic of China, 18 March 2021

As at the date of this announcement, the executive Directors are Mr. Gui Pinghu, Ms. Zhang Yuan and Ms. Zhu Feifei; and the independent non-executive Directors are Mr. Zhang Jitong, Ms. Cai Tianchen and Mr. Wang Wei.

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